Top Secret
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SPECIAL ANALYSIS

BOLIVIA: Outlook for Garcia Meza

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The military regime of General Garcia Meza has entered its second month in power but its future is not promising. It owes its survival to repression, funding from drug traffickers, and Argentine aid. Although many military officers abhor the regime's actions, they fear that the military as an institution would be destroyed if civilians returned to power. If Garcia Meza does not consolidate his control soon, he is likely to be replaced by another hardline officer. [redacted]

Garcia Meza and his backers have sidelined most civilians who could lead an organized resistance, and civilian resistance is now limited to sporadic sniping and bombings. Some 2,000 people have been detained, and the current calm has been achieved by a combination of military and paramilitary terrorism, curfews, and tight control of the news media. [redacted]

Hernan Siles Zuazo, winner of the presidential election in June, has proclaimed himself president, but his government-in-hiding has failed to attract support. The Catholic Church has condemned the regime's human rights abuses, but it also has failed thus far to rally any opposition. [redacted]

Sources of Support

Many in the regime hierarchy have extensive ties to the illicit narcotics industry, and some are personally involved in illegal drug operations. Drug traffickers in the city of Santa Cruz reportedly have contributed $100 million to finance government operations; the regime is likely to continue to look to them for supplementary financing in return for letting them operate freely. [redacted]

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The Argentines, [redacted] are also propping up the government. They reportedly have extended a short-term loan of $60 million, and probably are prepared to offer more. Argentines are reported to be involved at all levels with the Bolivian military, and some even conduct interrogations. [redacted]

The Military Threat

Discontent within the military poses the most serious threat to Garcia Meza. Moderate officers, proud of their profession, fear that continued brutality and corruption will so blacken the reputation of the armed forces that they may never be able to restore public trust and could even become targets for violent civilian reprisals. These officers do not hold troop commands and do not pose an immediate challenge to Garcia Meza. [redacted]

Military hardliners present a far more serious threat to Garcia Meza. They would like to replace him because of his administrative incompetence and their own urges for power and the spoils of office. They probably would continue Garcia Meza's repressive policies and drug connections. For their part, the Argentines would support any hardline government that claimed to suppress Communists. [redacted]

Chances of Another Coup

These officers have no immediate grounds for ousting Garcia Meza. Certain situations could evolve to the point, however, where they might believe a coup could be justified. [redacted]

A confrontation with the Church, which threatened to revive civilian resistance, is one possibility. Another is the regime's failure to obtain recognition from more than a handful of countries and continuing widespread international opprobrium. A third possibility is a crisis in the economy. Shortages of flour, meat, and vegetables have caused prices to soar, and normal

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services and production patterns have been disrupted. Strikes by tin miners have caused a loss of at least $30 million in export earnings so far, and miners may still be engaging in production slowdowns. The regime's economic problems are now being compounded by a slowdown in wheat deliveries over a rail-rate dispute.

External payments problems can be weathered for at least a few months. International lenders are continuing to disburse previously agreed upon loans, and the debt rescheduling agreed to in July is being carried out, but foreign bankers are nervous. If international help dries up, however, the regime will face a serious financial squeeze by the end of the year.